



California Regional Water Quality Control Board

Santa Ana Region



Terry Tamminen
Secretary for
Environmental
Protection

Internet Address: <http://www.swrcb.ca.gov/rwqcb8>
3737 Main Street, Suite 500, Riverside, California 92501-3348
Phone (951) 782-4130 - FAX (951) 781-6288

Arnold Schwarzenegger
Governor

September 10, 2004

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Mr. Thomas Blackman, Director of Remediation
Lockheed Martin Corporation
Corporate Energy, Environment, Safety & Health
2550 North Hollywood Way, Suite 301
Burbank, California 91505

**DIRECTIVE TO CONDUCT A RECORDS INVESTIGATION AND SUBMIT A REPORT
FOR ACTIVITIES CONDUCTED AT THE FORMER GRAND CENTRAL ROCKET
SITE LOCATED AT SIERRA AND HIGHLAND AVENUES, CITY OF RIALTO, SAN
BERNARDINO COUNTY, CALIFORNIA**

Dear Mr. Blackman:

Perchlorate has been detected in municipal water supply wells located downgradient of property located at Sierra and Highland Avenues, Rialto, that was leased by Grand Central Rocket Company, Inc. (a California Corporation) (Grand Central Rocket), to manufacture chemicals during the mid-1950's through the early 1960's. As described below, Grand Central Rocket is a suspected discharger of perchlorate.

This letter sets forth an order, pursuant to California Water Code Section 13267, that Lockheed Martin Corporation conduct an investigation of its records and provide a report with respect to the corporate successorship of Grand Central Rocket and to its operations in the vicinity of the above-referenced location. As required by Section 13267, this letter contains an explanation of the need for the report and cites evidence supporting the order.

Background

Perchlorate contamination was first detected in groundwater in the Rialto, Colton, and Chino Groundwater Subbasins in 1997. At that time, the California Department of Health Services (DHS) Action Level (AL) for perchlorate in drinking water was 18 parts per billion (ppb). Two wells in this area had perchlorate levels exceeding 18 ppb and were shut down. In January 2002, the DHS lowered the AL to 4 ppb. In response to the reduced AL for perchlorate, the local water purveyors restricted or eliminated the use of additional production wells with perchlorate concentrations that exceeded 4 ppb. Between 1997 and the present, various suspected perchlorate dischargers, including former and current occupants of the property formerly leased by Grand Central Rocket at Sierra and Highland Avenues, have been identified.

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Requirement for an Investigation

The Santa Ana Regional Water Quality Control Board (Regional Board) has directed me to issue individual letters under California Water Code Section 13267 to suspected perchlorate dischargers in the Rialto and Colton Groundwater Subbasins. Several letters similar to this one have already been issued over the last two years to other suspected dischargers, including San Bernardino County, the current owner of the former bunker property at Sierra and Highland Avenues.

The Need for the Investigation

The Regional Board is charged with the protection of water quality in this region. We have been working actively with the water purveyors to identify the extent and address the impact of perchlorate contamination on water resources in the Rialto, Colton and Chino Groundwater Subbasins. The water purveyors whose wells have been contaminated with perchlorate could face a situation where they may not be able to provide an adequate water supply to their customers. It is urgent that the sources of the contamination be identified, and the magnitude of the perchlorate plume defined.

Evidence Supporting the Need for the Investigation

Evidence indicates that Grand Central Aircraft Company was incorporated in 1946 and that in 1957 a partnership between Grand Central Aircraft Company and Charles E. Bartley was formed, which was named Grand Central Rocket. Evidence also indicates that Lockheed Aircraft Corporation acquired all of the shares of Grand Central Rocket by 1961, changing the name to Lockheed Propulsion Company, then merging with and becoming a division of Lockheed Aircraft Company. In 1977, Lockheed Aircraft Company changed its name to Lockheed Corporation and in 1995 Lockheed Corporation and Martin Marietta Corporation merged to form the existing Lockheed Martin Corporation. The foregoing facts indicate that Lockheed Martin Corporation is the successor to Grand Central Rocket and that Lockheed Martin Corporation is liable for the activities of Grand Central Rocket.

According to records obtained from other Rialto area business owners, Grand Central Rocket entered into a five-year lease with Schulz Trust for 5 bunkers located at Sierra and Highland Avenues in 1957 to be used by Grand Central Rocket to manufacture chemicals, some of which were classified as explosives. Records also indicate that Grand Central Rocket provided large quantities of ammonium perchlorate to West Coast Loading Corporation, a company that was also located in Rialto, near the Sierra and Highland Avenues bunker property, to be dried to a specific moisture content. This evidence indicates that Grand Central Rocket may have tested and/or stored perchlorate at the bunkers leased at Sierra and Highland Avenues.



Enclosed are the following documents:

1. 1957 Lease and Consent to Assignment Release to Grand Central Rocket by Schulz Trust of 5 bunkers located northeast of Sierra and Highland Avenues, Rialto, California, for the manufacture of chemicals.
2. Grand Central Rocket Purchase Orders to West Coast Loading Corporation for processing ammonium perchlorate and invoices from West Coast Loading Corporation to Grand Central Rocket indicating the processing charges.
3. 1994 Response of Lockheed Corporation to US Environmental Protection Agency Information Request including reference to Lockheed Aircraft Corporation's acquisition of shares of Grand Central Rocket.
4. 2004 Public Health Statement – Lockheed Propulsion Company: background and statements of issues pertaining to Lockheed Propulsion Company acquiring its Redlands site from Grand Central Rocket.
5. Lockheed Corporation-Internet web page stating Lockheed Corporation merged with Martin Marietta Corporation to form Lockheed Martin in 1995.
6. Well Location Map, showing perchlorate contamination in municipal water supply wells in the vicinity of Rialto, Colton and Fontana, California.

As the successor to Grand Central Rocket, Lockheed Martin Corporation bears legal liability under California law for discharges by Grand Central Rocket that may have adversely affected water quality in the Rialto area. This evidence supports the requirement for a records investigation as defined in Section 13267(b)(1) of the California Water Code.

Deadlines

By October 15, 2004, a report under penalty of perjury containing the following information shall be submitted to the Regional Board staff:

1. A detailed description of Grand Central Rocket's past operations at the former Rialto facility, including but not limited to its manufacturing process, use, handling, and/or storage of perchlorate or perchlorate-containing materials and the approximate quantities of such materials; the operations, processes and activities involving perchlorate and perchlorate-containing materials, including testing and waste disposal practices of off-spec or defective materials, or other wastes; any known or suspected discharges of perchlorate; any accidents, explosions or fires that may have occurred; and all additional information that



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would be helpful in determining whether a discharge of perchlorate occurred from Grand Central Rocket's former Rialto operations.

2. All documents pertaining to and/or describing Grand Central Rocket's former operations in Rialto, including but not limited to leases and guarantee agreement, maps, plans, diagrams and photographs of the facility and its operations, records pertaining to perchlorate and perchlorate-containing materials, waste disposal records, operating procedures, environmental investigation and remediation reports, and employee lists.

Failure to submit the required information by the specified deadline may subject you to administrative civil liability in the amount of up to \$1,000 per day, pursuant to Section 13268(a) and (b) of the California Water Code.

If you have any questions regarding this letter, or if you would like to arrange a meeting or teleconference, please contact Debi Ney, Analyst, at (951) 782-3237, or you may call Robert L. Holub, Division Chief, at (951) 782-3298.

Sincerely,

Gerard J. Thibeault

for Gerard J. Thibeault
Executive Officer
Santa Ana Regional Water Quality Control Board

Enclosures:

1. 1957 Lease and Consent to Assignment Release
2. Grand Central Rocket Purchase Orders
3. 1994 Response of Lockheed Corporation to US Environmental Protection Agency Information
4. 2004 Public Health Statement – Lockheed Propulsion Company
5. Lockheed Martin Web-page
6. Well Location Map

cc: Bob Simpson, Project Manager
Lockheed Martin Corporation

Jorge Leon, Staff Counsel-OCC
State Water Resources Control Board

Perchlorate Task Force Mailing List (attached)

California Environmental Protection Agency



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